

**REMARKS**

Applicants thank the examiner for the interview on March 31, 2004. During the interview, the distinctions of the present claims over the Fisher reference were discussed. The Examiner stated the merits of the claims would again be considered upon receipt of a formal response to the Office Action dated January 7, 2004 and that he wanted to review the references and the arguments set forth by Applicants in greater detail before determining whether to withdraw the rejections.

Claims 1-2, 5-6, and 8-10 are pending in the present application. Claims 1, 2, 5, 6, 9, and 10 were amended. Claims 13-16 have been added. Claims 3, 4, 7, 11, and 12 have been cancelled. Reconsideration of the claims is respectfully requested.

Claims 13-16 are directed to a computer implemented method for awarding an auction item to a proxy bidder in an electronic auction wherein the proxy bid is an off increment bid, that is where the proxy bid exceeds a previous current high bid by an amount less than a minimum increment as described in the subject application. No new matter has been introduced by the addition of claims 13-16.

**I. 35 U.S.C. § 101**

The examiner has rejected claims 1-4 under 35 U.S.C. § 101 as being directed towards non-statutory subject matter. Claims 3 and 4 have been cancelled. Claim 1 has been amended to specify that the method steps are computer implemented performed in an electronic auction as suggested by the Examiner in a teleconference conducted on March 31, 2004. Accordingly, this rejection is respectfully traversed and withdrawal of the rejection of claims 1 and 2 under U.S.C. 101 is requested.

**II. 35 U.S.C. § 112, Second Paragraph**

The examiner has rejected claims 2-4 and 10-12 under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter, which applicants regard as the invention. This rejection is respectfully traversed.

The Examiner states the following:

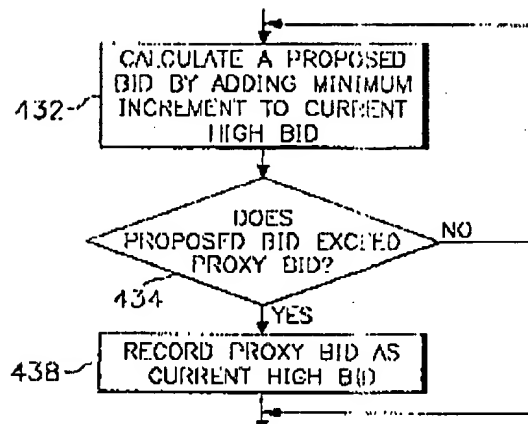
These claims further limit the step of generating an off-increment bid by reciting "generating a proposed bid, said proposed bid being equal to said minimum increment plus a current high bid..." However, the Applicants' specification teaches, "An off-increment bid is bid which increases the current high bid by an amount which is not an increment of the minimum increment amount."...Therefore, it is unclear to the Examiner how the Applicants can further limit the off-increment bid as a function of the minimum increment when the specification clearly teaches against it.

Office Action dated 1/7/2004, pages 2-3.

Claim 2 recites the following:

2. The method according to claim 1, wherein the step of generating an off-increment bid further comprises the steps of:
  - generating a proposed bid, said proposed bid being equal to said minimum increment plus a current high bid for said item;
  - determining if said proposed bid exceeds said proxy bid; and
  - in response to a determination that said proposed bid does exceed said proxy bid, awarding said item to said second bidder for said proxy bid, wherein said item is sold for said proxy bid.

Claim 2 depends from independent claim 1 and thus includes the limitation that the off-increment bid "does not exceed said bid received from said first bidder by said increment" Thus, an "off-increment bid" as recited in claim 1 (and thus claim 2 by dependence from claim 1) conforms to the definition of an off-increment bid as defined in the specification (Page 3, Lines 2-4). As described in the specification, the step of "generating a proposed bid" that is equal to a sum of a current high bid and a minimum increment is performed as part of a conditional evaluation that is executed when a proxy bid exists that meets or exceeds the previous high bid (See Figure 4, steps 418 and 432; Page 8, Lines 24-29). That is, the proposed bid is evaluated against a proxy bid for determination of a price at which the item is to be sold. For example, Figure 4 (in part) of the subject application shows the following:



As shown, a proposed bid is calculated by adding the minimum auction increment to the current high bid and comparing the proposed bid to the proxy bid. In the event the proposed bid exceeds the proxy bid, the proxy bid is assigned as the current high bid. Thus, a proxy bid that is an off-increment bid is assigned as the current high bid.

Additionally, claim 2 includes the limitation that "the proposed bid does exceed said proxy bid" and that the item is "sold for said proxy bid." Thus, the item is "sold for the proxy bid" that is less than the proposed bid. Accordingly, the step of "generating an off-increment bid" includes selling the item for the proxy bid that is not a function of the minimum increment. Accordingly, the step of generating the off-increment bid is consistent with the definition of an off-increment bid provided in the specification and is not indefinite. Additionally, claim 2 has been amended to clarify that the off-increment bid is equal to the proxy bid. Therefore the rejection of claim 2 under 35 U.S.C. § 112, second paragraph, has been overcome and such a notice is respectfully requested.

Claim 10 is dependent from claim 9 and includes limitations similar to that of claim 2. Particularly, claim 10 includes the limitation that the "item is sold for said proxy bid" and that the "proposed bid does exceed said proxy bid." Accordingly, the sell price is an off-increment proxy bid. Additionally, claim 10 has been amended to clarify that the off-increment bid is equal to the proxy bid. Therefore, the rejection of claim 10 under

35 U.S.C. § 112, second paragraph, has been overcome and such a notice is respectfully requested.

**III. 35 U.S.C. § 103, Obviousness**

The examiner has rejected claims 1 and 5-9 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,243,691 to Fisher et al. (hereinafter referred to as "Fisher"). This rejection is respectfully traversed.

Claim 1, as amended, recites the following:

1. A method in an electronic auction for generating off-increment proxy bids, said method comprising the computer implemented steps of:  
specifying a minimum increment for bidding on an item;  
receiving a bid for said item from a first bidder which is currently a high bid for said item;  
identifying a previously recorded proxy bid from a second bidder which is greater than said current high bid but not greater than said current high bid plus said minimum increment; and  
generating by said electronic auction an off-increment bid which becomes a high bid for said item utilizing said proxy bid, wherein said second bidder holds a current high bid for said item, further wherein said off-increment bid does not exceed said bid received from said first bidder by said increment, and wherein said off-increment bid does not exceed said proxy bid.

The Office Action states the following with regard to claims 1, 5, and 9:

Fisher does not teach that the proxy bid from a second bidder is greater than the current high bid but not greater than said current high bid plus said minimum increment. However, Fisher teaches that a plurality of bidders are allowed to establish the limit amount of their proxy bids when the bids are initially placed (Column 8, Lines 56-60). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to allow a bidder to set the limit of the proxy bid to whatever amount the bidder desired.

Office Action dated 1/7/2004, pages 3-4.

The Applicant notes that the limit amount is intrinsic in a proxy bid (see Page 3, Lines 8-13 of the subject application).

As noted by the Examiner, Fisher fails to describe the steps of "generating an off-increment bid which becomes a high bid for the item utilizing said proxy bid, wherein a second bidder holds a current high bid for the item, and wherein the off-increment bid

does not increase the bid from the first bidder by the increment and wherein the off-increment bid does not exceed the proxy bid.

The Office Action states the following with regard to the deficiencies of Fisher:

Fisher teaches that during proxy bidding a bid may be incremented based on the percentage of the bid (Column 12, lines 33-45). Therefore it would have been obvious to one of ordinary skill in the art, at the time the invention was made, to adjust a bid upward by using a percentage of the bid as opposed to a minimum increment. One of ordinary skill in the art would have been motivated to do so in order to guarantee a proxy bidder the lowest possible price, as taught by Fisher (Column 12, lines 58-61).

Office Action dated 1/7/2004, page 4.

The description by Fisher to adjust a bid upward "using a percentage of the bid as opposed to a minimum increment" is insufficient to obviate the step of generating an off-increment bid by utilizing a proxy bid and is wholly insufficient to insure that the off-increment bid is increased from the received bid by an amount not equal to the increment. Absent some teaching, suggestion, or incentive to modify Fisher in this manner, the presently claimed invention can be reached only through an improper use of hindsight using the applicants' disclosure as a template to make the necessary changes to reach the claimed invention.

Furthermore, Fisher does not teach, suggest, or give any incentive to make the needed changes to reach the presently claimed invention. Fisher actually teaches away from the presently claimed invention. For example, as noted by the Examiner, Fisher teaches a method to guarantee a proxy bidder the lowest possible price (Column 12, lines 58-61) as opposed to a technique that enables off-increment proxy bids such that deficiencies of prior art systems resulting in a seller being disadvantaged by selling an item for a lower price than that offered by a proxy bid when the proxy bid exceeds a high bid by an amount less than a minimum auction increment as in the presently claimed invention. Absent the examiner pointing out some teaching or incentive to implement off-increment proxy bids by Fisher, one of ordinary skill in the art would not be led to modify Fisher to reach the present invention when the reference is examined as a whole.

Therefore, the rejection of claims 1, 5, and 9 under 35 U.S.C. § 103 has been overcome and such a notice is respectfully requested.

Since claims 6 and 7 depend from claim 5 and add additional limitations to claim 5, the same distinctions between Fisher and the claimed invention in claim 5 follow for these claims. Therefore, the rejection of claims 6 and 7 under 35 U.S.C. § 103 has been overcome, and it is respectfully urged that the rejection of claims 6 and 7 be withdrawn.

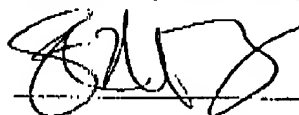
**IV. Conclusion**

It is respectfully urged that the subject application is patentable over Fisher and is now in condition for allowance.

The examiner is invited to call the undersigned at the below-listed telephone number if in the opinion of the examiner such a telephone conference would expedite or aid the prosecution and examination of this application.

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Respectfully submitted,



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